

Hog Prices: ↑ Soymeal: ↑
Corn: ↑ CDN Dollar: ↓

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, August 22, 2014

Forward contract prices opened higher this morning. US cash markets are called lower to close out the week. There is still a large discount between futures and cash markets suggesting the cash market decreases may not be finished. Pressure is coming from the downtrend in overall pork values that have declined \$5.62 USD/cwt since the beginning of the week making it the lowest cut-out value since late February. CME Lean Hog Index was down another \$8.63 as at Wednesday, August 19 so far this week. Slaughter numbers are down almost 5% from last year but carcass weights, currently hovering around 215 lbs. are making up for the difference as pork production which is 0.1% higher than year ago over the same timeframe. Lean Hog futures have turned around somewhat in the last 24 hours after declining steadily since mid-July. While there is not talk of a decisive bounce or recovery yet, there is at least talk that the market is in a temporary oversold condition suggesting that the futures market will see some support in the short term; technically speaking, yesterday's abrupt turnaround is a positive indicator.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. The opening price posted below is not an error. Interior meal supplies are so tight that spot prices have risen to unprecedented levels. The good news is that it is not expected to last. However, producers that have consistently been buying in the spot market may experience supply issues until the new crop starts to come off the field. Of note: new crop prices have remained relatively stable over the course of the week.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. The weather remains largely cooperative for crop development in addition to the ProFarmer Crop tour reporting 170+ bpa in some critical growing regions, adding pressure. Support comes on news from China suggesting that production losses due to dryness are approaching 3.5 million tonnes, revised upward from 1 million in two large production areas which could change China's import needs quickly if the situation becomes more widespread.

US Slaughter	
406,000	Thursday
425,000	Thursday (year ago)
W. Corn Belt	\$95.81
National Price	\$105.31
Daily Sig 3	\$192.27
Daily Sig 4	\$204.65
Thunder Creek	\$192.00
4-Month Fwd.	\$171.11
B of C Ex. Rate (Noon)	
\$1.0948 CAD/ \$0.9134 USD	
Cash Prices Week Ending August 22, 2014	
Signature 3	90.28/199.03
Signature 4	95.99/211.62
h@ms Cash	95.31/210.12
Hylife	n/a
Thunder Creek	97.89/215.80
ISO Weans	\$61.65 US Avg.
Feeder Pigs	\$103.90 US Avg.
#1 Export Sows (+500lbs)	81.00/cwt. tagged

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		180.68 181.69	175.55 184.09	159.30 169.36	160.81 167.34	158.66 164.20	164.70 165.71	165.05 166.56	166.42 171.44
Maple Leaf Sig. #4		177.78 179.92	175.64 180.32	159.32 172.57	165.17 167.89	162.32 164.47	165.10 166.23	164.90 165.88	164.27 169.32
Soymeal Winnipeg Delivered	798	798	471	452	452	449	445	445	
Corn Winnipeg. Delivered	158	161							

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STRENGTH IN NUMBERS

